

**MINUTES OF THE
JOHNSON CITY ENERGY AUTHORITY
D/B/A
BRIGHTRIDGE**

September 27, 2022

PRESENT: Jenny Brock
James Haselsteiner
Kenneth Huffine
B. J. King
Gary Mabrey
James Smith
Robert Thomas
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Connie Crouch, Human Resources Manager
Bonnie Donnolly, Chief Development and Market Strategy Officer
Mark Eades, Chief Engineering and Facilities Officer
Eric Egan, Chief Data Officer
Stacy Evans, Chief Broadband and Technology Officer
Donnie Hall, Safety/Environmental Manager
Rodney Metcalf, Chief Operations Officer
Tiphonie Watson, Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs

ABSENT: Ronald Hite
Hal Knight
Brian Ellis, Service Department Manager
David Spinnato, Physical Plant/Warehouse Manager
Melissa Taylor, Supervisor, General Accounting
Stephen M. Darden, Hunter Smith Davis, LLP

Chairman Gary Mabrey called the meeting to order.

Upon motion of Mr. Thomas, seconded by Ms. Brock, the Board voted to add to Agenda Item 2 - Presentations the presentation of a "Top Performer" Award to BrightRidge by the Tennessee Valley Authority. The motion carried unanimously by voice vote.

Chris Quillen, P. E., Customer Relations Manager/Regional Relations, Tennessee Valley Authority, appeared before the Board to present BrightRidge with a TVA "Top Performer" Award with respect to the Residential "Home Uplift" Program. The "Home Uplift" Program began as a pilot program in 2018 and as a program in 2021, and seeks to create a sustainable, quality program to increase home weatherization for families, consisting of free home upgrades to increase the energy efficiency and comfort of homes and to enable families with limited means to lower their energy bills. Funds are used for HVAC repair/replacement, insulation, air leak reduction, windows and doors, as well as minor health and safety repairs that enable energy upgrades.

BrightRidge was both a top performer in terms of enrollment, but also was third in the Valley in top savings in percentage of sales.

Mr. Quillen presented the "Top Performer" Award to Gary Mabrey, Chairman of the Board of Directors of BrightRidge.

Upon motion of Ms. Brock, seconded by Mr. Haselsteiner, the Board approved the June, 2022 financial reports for the Electrical and Broadband Divisions. These reports were presented by Brian Bolling at the August meeting, but approval was

deferred until today's meeting due to lack of a quorum in August. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Mr. Smith, seconded by Dr. King, the monthly power distributor's report submitted to the Tennessee Valley Authority for July, 2022 was approved. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote. Year-to-date income was \$554,536.51 more than last year's year-to-date figure and year-to-date actual net income was \$1,397,680.54 more than the budgeted figure. The spike in income was greatly influenced by the dramatic increase in the TVA pass-through fuel cost adjustment. The general fund balance stood at \$33,199,962.98, the reserve fund balance stood at \$6,822,136.16, the special reserve fund balance stood at \$6,067,423.05, the tax equivalent fund balance stood at \$464,992.65, the economic development fund balance stood at \$1,652,520.11, the 2017 and 2021 bond and interest sinking fund balance stood at \$1,225,588.22, the renewal and replacement fund balance stood at \$6,349,592.88, the 2021 bond proceeds fund balance stood at \$17,494,945.09, and the self-insurance fund balance stood at \$2,015,055.71.

Upon motion of Mr. Haselsteiner, seconded by Mr. Smith, the monthly power distributor's report submitted to the Tennessee Valley Authority for August, 2022 was approved. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote. Year-to-date income was \$1,174,244.60 more than last year's year-to-date figure and year-to-date actual net income was \$1,800,305.00 more than the budgeted figure. Again, the increase in income was greatly influenced by the dramatic increase in the TVA pass-through fuel cost adjustment. The general fund balance stands at \$37,058,654.19, the reserve fund balance stands at \$6,826,422.79, the special reserve fund balance stands at \$6,071,262.01, the tax equivalent fund balance stands at \$927,523.12, the economic development fund balance stands at \$1,616,057.81, the 2017 and 2021 bond and interest sinking fund balance stands at \$1,611,738.56, the renewal and replacement fund balance stands at \$6,353,600.93, the 2021 bond proceeds fund balance stands at \$17,279,407.95, and the self-insurance fund balance stands at \$2,016,327.68. BrightRidge is currently serving 81,826 customers, which is an increase of 815 customers since the same time last year.

Upon motion of Mr. Smith, seconded by Dr. King, the monthly financial statements for July, 2022 for the Broadband Division were approved. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote. Year-to-date income was \$82,497.07 more than last year's year-to-date figure, but year-to-date actual net income was \$10,571.09 less than the budgeted figure. The cash bank balance stood at \$1,438,143.72, the broadband debt service fund balance stood at \$1,779,438.19, the reserve fund balance stood at \$1,002,356.43, the broadband checking account balance stood at \$544,098.99, the broadband money market account balance stood at \$526,529.22, the voice service balance stood at \$205,472.70, and the video service balance stood at \$162,042.81. Capital projects closed to plant through July, 2022 totaled \$414,536.48 (less construction work in progress since June, 2022 totaling \$318,962.22), with a \$9,902,950.30 capital budget remaining at this time.

Upon motion of Mr. Haselsteiner, seconded by Mr. Smith, the monthly financial statements for August, 2022 for the Broadband Division were approved. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote. Year-to-date income was \$61,393.14 more than last year's year-to-date figure, but year-to-date actual net income was \$46,063.91 less than the budgeted figure. The cash bank balance stands at \$892,870.92, the broadband debt service fund balance stands at \$2,030,679.21, the reserve fund balance stands at \$1,002,989.15, the broadband checking account balance stands at \$597,838.48, the broadband money market account balance stands at \$26,851.72, the voice service balance stands at \$171,980.15, and the video service balance stands at \$96,200.57. Capital projects closed to plant through August, 2022 totaled \$487,031.15 (less construction work in progress since June, 2022 totaling \$941,413.06), with a \$9,208,004.79 capital budget remaining at this time.

Upon motion of Mr. Smith, seconded by Ms. Brock, the Board approved the following items on the Electric Division Consent Agenda:

(a) The minutes of the regularly scheduled Board meeting on August 23, 2022.

(b) The low evaluated bid of Hyundai Corporation, USA in the amount of \$1,428,650.00 for Powermax single-phase pad mounted transformers in the following quantities: 40 25 KVA (\$235,200.00), 80 50 KVA (\$513,600.00), 40 75 KVA (\$288,400.00), 25 100 KVA (\$220,750.00), and 16 167 KVA (\$170,700.00).

(c) Installation of a solar lab on BrightRidge property at 2600 Boones Creek Road at a cost of \$925,000.00, to be taken from capital budget funding. There are possible funding reimbursement options within the Federal Inflation Reduction Act. As rules are formalized for said Act, BrightRidge will seek every option for reimbursement to offset costs of the lab.

(d) The low bid of Aubrey Silvey Enterprises, Inc. for the labor and materials package for refurbishment of the Northeast Substation at a cost of \$5,531,150.00. The project is a three-year capital budget item, to be spread out over the FY 2023, 2024, and 2025 budgets, with most of the cost being paid in the first two years.

(e) The low quote of Harrell Group for a contract for two security guards at an hourly rate of \$25.53 each. The annual cost for two security guards is estimated at \$106,205.00, plus any approved overtime.

The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Ms. Brock, seconded by Mr. Haselsteiner, the Board approved the following items on the Electric Division Consent Agenda:

(a) The low bid of Core Telecom in the amount of \$907,740.00 for 3,600 100' fiber jumpers (\$160,092.00), 3,600 50' fiber jumpers (\$120,024.00), 3,600 75' fiber jumpers (\$166,356.00), 3,600 200' fiber jumpers (\$207,108.00), and 3,600 300' fiber jumpers (\$254,160.00).

(b) The low bid of Border Sates Electric Supply in the amount of \$71,457.50 for 50 Quazite 24" X 36" X 24" B/B enclosure boxes (\$19,708.50), 50 Quazite 13" X 24" X 18" enclosure boxes (\$10,044.00), 50 Quazite 12" X 12" X 12" enclosure boxes (\$6,104.00), 50 Quazite 12" X 12" enclosure covers (\$5,085.00), 50 Quazite 24" X 36" B/B enclosure covers (\$17,165.50), and 50 Quazite 13" X 24" enclosure covers (\$13,350.50).

The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Ken Huffine delivered the report of the Human Resources/Insurance Committee, which had met immediately prior to today's Board meeting to consider several insurance coverage renewals and a number of changes to the BrightRidge Employee Handbook.

Upon motion of Mr. Huffine, on behalf of the Committee, the Board accepted the proposal of Cincinnati Insurance through Watauga Insurance for automobile insurance coverage at an annual premium of \$95,988.00, and for property insurance coverage at an annual premium of \$35,489.00 for the period of October, 2022 to September, 2023. Cincinnati's offer is a 3-year commitment to hold property rates the same, while automobile rates will be whatever the currently effective rate is as of the renewal date each year. The automobile insurance premium will be split 50%/50% between the Electric and the Broadband Divisions. The property insurance premium will be paid by the Electric Division. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Mr. Huffine, on behalf of the Committee, the Board accepted the proposal of DIC/Chubb through Johnson City Insurance for general liability insurance coverage at an annual premium of \$119,085.00 and the proposal of DIC/Navigators through Johnson City Insurance for excess liability insurance coverage at an annual premium of \$16,995.00 for the period of October, 2022 to September, 2023. The general liability insurance premium will be split 50%/50% between the Electric and Broadband Divisions. The excess liability insurance premium will be paid by the Broadband Division. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Mr. Huffine, on behalf of the Committee, the Board accepted the proposal of LLOYDS/Beazley through DIC/JC Wofford Brothers Insurance for management liability insurance coverage at an annual premium of \$12,449.00, which represents a \$158.00 increase over the previous year. Management liability coverage includes public officials' and employees' liability, employment practices, third-party discrimination liability, and fiduciary liability. The coverage period is for October 1, 2022 through September 30, 2023. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Mr. Huffine, on behalf of the Committee, the Board accepted the proposal of Chubb Insurance through DIC/JC Wofford Brothers Insurance for cyber and privacy protection insurance coverage at an annual premium of \$90,560.00, which is a \$5,560.00 increase over the previous year. The coverage period is for October 1, 2022 through September 30, 2023. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote.

Upon motion of Mr. Huffine, on behalf of the Committee, the Board voted to approve changes to vacation and nepotism policies contained in the BrightRidge Employee Handbook. The motion carried unanimously by roll call vote, with Mr. Thomas being absent at the time of the vote. The revised policies are attached as Collective Exhibit "A" to these minutes.

Brian Bolling, Chief Financial Officer and Chief Customer Officer, presented an update on activities in his departments. He introduced Ashley Neal, Customer Support Analyst for BrightRidge, who delivered a presentation on the Affordable Connectivity Program. The Affordable Connectivity Program (ACP) is a long-term, \$14 billion dollar program created by Congress to assist lower income households with broadband affordability. Under the terms of the ACP, eligible customers receive a \$30.00-per-month credit towards their internet service. This program replaced the Emergency Broadband Benefit Program (EBB) on December 31, 2021. Eligibility for the program is determined by income (if household income is 200% or less than the Federal Poverty Guidelines) or by enrollment of at least one person in the household in certain Federal programs, such as Medicaid, USDA School Breakfast/Lunch Program, Lifeline Program, Tribal Programs for Residents on Qualifying Tribal Lands, Veterans' and Survivors' Pension Benefits, SNAP, Pell Grant Funding, or Federal Public Housing Assistance. At present, 227 customers are participating in the ACP through BrightRidge Broadband.

Ms. Neal outlined the application process for the Affordable Connectivity Program, which involves approval by the National Verifier and the completion of a BrightRidge Broadband ACP application. Customer Service recently partnered with the Marketing Department to implement a new web-based ACP application, which streamlined and automated the application process for customers and reduced internal employee involvement.

The ACP Program is being promoted through e-mail campaigns, press releases, social media and SmartHub alerts/bill messaging. Meetings with community groups serving the eligible demographics are also being scheduled.

Stacy Evans, Chief Broadband and Technology Officer, delivered an update regarding the broadband project. At the time of the Board meeting, the Broadband

Division has a total of 8,752 active customers, 9.8% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,070
Johnson City Fiber:	4,450
Piney Flats Fiber:	9
Telford Fiber:	170
Limestone Fiber:	287
Gray Fiber:	2,408
Kingsport Fiber:	160
Fall Branch Fiber:	29
Fixed Wireless:	169
Managed Wi-Fi:	5,612 (72% average "take rate")
IPTV Video:	1,245
Telephone VoIP:	1,048

Broadband deployment areas are as follows:

Johnson City:	4,405
Gray/Kingsport:	2,559
Jonesborough:	1,066
Bowmantown:	455

Mr. Evans stated that the Broadband Division was scheduled to add 3,206 net customers for a target of 10,964 by the end of the current fiscal year. An average of 61 net adds per week would be necessary to meet this goal. As of September 23, 2022, the division is trending 188 customers ahead of the linear budget line, with expected customer growth to exceed 9,000 customers by the end of October.

Work continues on the Phase 5 build-out, with 47.3% of the project completed and 2,429 addresses serviceable at this time. Additional projects scheduled to begin shortly are the Phase 6 aerial fiberoptic construction, and additional builds in an extension of the Bowmantown area which passes 95 residences and two businesses, the Proffit Lane and Ford Creek Road area which passes 199 residences, and the Walkers Bend Subdivision, Hugh Cox, and Jack Martin Lane which passes 170 residences and is an extension from the grant to schools project.

Mr. Evans discussed broadband market competition changes, with Apollo Funds acquiring Lumen (formerly CenturyLink). Apollo Funds plans to invest \$2 billion to build fiberoptic networks servicing more than 130,000 addresses in northeast Tennessee, with a major operational work center to be located in Johnson City. The new venture will be called "Brightspeed", with its corporate headquarters being located in Charlotte, North Carolina.

Brightspeed's web site map listed the following communities for potential service: Adamsville, Apison, Baileyton, Bloomingdale, Blountville, Bluff City, Bristol, Church Hill, Collegedale, Elizabethton, Erwin, Fall Branch, Greeneville, Hunter, Jonesborough, Kingsport, Mosheim, Mountain City, New Tazewell, Oak Grove, Roan Mountain, Saltillo, Telford, and Unicoi.

BrightRidge Broadband had a recent online survey performed (September 13 - 18, 2022) by DesignSensory in an effort to determine the clarity of customer understanding of BrightRidge vs. Brightspeed as uniquely different brand and service offerings. Seven hundred fifty-six online surveys were completed which yielded several disturbing results. Only 22% of the respondents knew that BrightRidge and Brightspeed were not connected at all, with the remaining 78% identifying some level of association

or confusion between the two. Eighty-five percent of the respondents were wrong or confused about the sources of the internet services offered. It was determined that adding the Brightspeed name into the market caused needless and inappropriate confusion with the customer, and that the level of resources in dollars required to educate the public on its understanding of BrightRidge vs. Brightspeed was needless and wasteful. This matter will be further discussed by the Board in an upcoming workshop.

CEO Jeff Dykes announced a number of upcoming events and workshops. He advised that an Executive Session for the Board of Directors would be scheduled sometime during the week of October 10 - 14, 2022 to discuss several legal matters. He also mentioned that a workshop would be held with the company's medical insurance brokers on October 18, 2022. An additional workshop is being planned in the near future regarding broadband options.

Mr. Dykes invited Board members to attend the Employee Appreciation Luncheon on October 13, 2022, and the Johnson City/Jonesborough/Washington County Chamber of Commerce golf event on October 17, 2022.

There being no further business, the meeting was adjourned.

SUGGESTED CHANGES IN BLUE TYPE TO BRIGHTRIDGE HANDBOOK, SEPTEMBER 2022

7. Employment of Family Members. It is the policy of BRIGHTRIDGE that two members of an immediate family shall not be employed at the same time in **any department under the supervision of the same officer**, unless such a situation existed prior to the implementation of this policy. For the purpose of this policy "immediate family" is defined as wife, husband, mother, father, **sibling**, son, daughter, **grandparent**, grandchild, step-mother, step-father, in-laws, uncle, aunt, **niece or nephew**. If a prohibited family relationship is created after employment, the two employees will be asked to decide who will leave the department. If no agreement is made, BRIGHTRIDGE will make a decision to remove either or both of the employees from the department.

At no time shall an employment situation be created where either relative can influence the other's work responsibilities, pay, performance evaluation, career progress, or other conditions of employment in any way. No employee shall participate in a hiring, promotion, or job movement decision involving a relative.

Board Members: No immediate family member of an actively serving board member will be eligible for hire. In addition, if an immediate family relationship exists at the time the board member is appointed, the member must abstain from any votes related to salary and benefits and may not be appointed to serve on the Human Resources/Insurance Committee.

Employees are responsible for adhering to this policy and for reporting any employment situations which arise via marriage and are in violation of this policy to their immediate Officer and the Human Resources Department immediately. Falsification, omission of information or willful violations of this policy are considered cause for disciplinary action up to and including termination.

Any exceptions require approval of the CEO **and must be temporary, not to exceed 90 days.**

E. Your Paid Benefits/Leave:

1. Holiday Leave. BRIGHTRIDGE recognizes eleven (11) days during the year as paid holidays. Regular full-time employees are eligible. They are as follows: New Year's Day, Martin Luther King Day, Good Friday, Memorial Day, 4th of July, Labor Day, Thanksgiving Day, **the Day after Thanksgiving, Christmas Eve**, Christmas Day, and **one (1)** floating holiday. The floating holiday is awarded on January 1 of each year and is to be used at the employee's discretion subject to supervisor approval. As a safety incentive, employees may also receive one additional floating holiday on January 1 of each year if they do not have a lost time accident in the preceding year which may be used anytime upon supervisor approval.

Employees required to work on a holiday shall be paid at two (2) times their rate of pay. Where the holiday falls on a Saturday, the employee will be paid at two (2) times the rate of pay for work performed on the day celebrated as the holiday (usually Friday) and one and one-half (1 ½) times the rate of pay for any work performed on the holiday itself (the Saturday). All employees will receive their regular rate of pay for holiday observance. Employees required to work on holidays shall be given another day off, at regular rates of pay, in lieu thereof as soon as practical, or may waive their right to a day off in which case they will receive compensation at their regular rate of pay for the holiday as observed by BRIGHTRIDGE.

2. Vacation Leave.**(a) Eligibility and Entitlement.**

New Employees: All newly hired full time employees on the payroll January 1 thru March 31 are entitled to and will be **awarded** (10) ten days vacation with pay within the present calendar year. All newly hired full time employees on the payroll April 1 thru June 30 are entitled to **and will be awarded** (7.5) seven and one-half days vacation with pay within the present calendar year. All newly hired full time employees on the payroll July 1 thru September 30 are entitled to **and will be awarded** (5) days vacation with pay within the present calendar year. All newly hired full time employees on the payroll October 1 thru December 31 are entitled to **and will be awarded** (2.5) two and one-half days vacation with pay within the present calendar year.

All newly hired full-time employees on the payroll by December 31 shall be entitled to and awarded 10 (ten) days of vacation with pay in each succeeding calendar year.

After having completed six (6) years of service, an employee's vacation leave will be as specified below:

6 years of service 11 days vacation	7 years of service 12 days vacation
8 years of service 13 days vacation	9 years of service 14 days vacation
10 years of service 15 days vacation	11 years of service 16 days vacation
12 years of service 17 days vacation	13 years of service 18 days vacation
14 years of service 19 days vacation	15 years of service 20 days vacation
16 years of service 21 days vacation	17 years of service 22 days vacation
18 years of service 23 days vacation	19 years of service 24 days vacation
20 years of service 25 days vacation	

The CEO has the authority to approve variances to this policy during hiring negotiations or at **other times as deemed necessary**.

(b) Scheduling. All vacation must be scheduled with the department head. All vacation shall be scheduled on a first request basis by the department head. The department head shall have the authority to designate the number of individuals that can be on vacation at any one point in time. Vacation shall be scheduled so as to assure continued efficient operation of each department.

(c) Accumulated Leave. **Vacation is accrued each month and becomes available to employees on January 1 of each year.** Employees will be allowed to accumulate a maximum of **320 hours** of vacation. **Any** vacation time above **320 hours** will be forfeited as of **January 1** of each year. No compensation will be due employees forfeiting leave in this manner. The total number of days taken in one calendar year shall not exceed thirty-five (35) days **and a minimum** of five (5) days vacation must be taken annually by all employees provided the employee is eligible for same. Upon termination of employment, **employees with more than one year of service** will be paid for one hundred percent (100%) of all vacation time, **awarded and accrued** throughout the present year at the current hourly pay rate even though **any accrued time** is not available for use until January of the succeeding year. **Employees who terminate with less than one year of service will not be eligible for the payment of any awarded or accrued vacation.** **Any exceptions to any part of the vacation policy must be approved by the CEO.** In the event of the death of an employee, **any eligible** vacation pay will be paid to the deceased's employee's estate.

(d) Unearned Leave. Vacation pay will not be granted before being earned.